



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Sentrix Pharmacy and Discount, L.L.C.

Respondent Name

Property & Casualty Insurance Company of Hartford

MFDR Tracking Number

M4-17-1819-01

Carrier's Austin Representative

Box Number 47

MFDR Date Received

February 14, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "... no prior authorization was required and, therefore, payment of the bills should have been forthcoming ... In terms of the other denial reasons, there are no submission/billing errors and the prescription is not incomplete."

Amount in Dispute: \$2,078.06

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "This CMPD was denied per Peer Review 1/19/17"

Response Submitted by: The Hartford

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
November 14, 2016	Pharmacy Services – Compound	\$2,078.06	\$1,467.26

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.305 sets out the procedures for resolving medical disputes.
2. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
3. 28 Texas Administrative Code §133.2 defines terms used in the medical billing and processing chapter.
4. 28 Texas Administrative Code §133.200 sets out the insurance carrier's procedures for receipt of medical bills.
5. 28 Texas Administrative Code §133.210 sets out the procedures for medical documentation.
6. 28 Texas Administrative Code §133.240 sets out the procedure for medical bill processing by the workers' compensation insurance carrier.

7. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
8. 28 Texas Administrative Code §134.503 sets out the fee guideline for pharmacy services.
9. Texas Labor Code §408.027 sets out provisions related to payment of health care providers
10. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - M123 – Prescription is incomplete
 - 197 – Precertification/authorization/notification absent
 - N26 – Claim/service lacks information or has submission/billing error(s) which is needed for adjudication.

Issues

1. Did Property & Casualty Company of Hartford (Hartford) raise a retrospective medical necessity issue in accordance with 28 Texas Administrative Code §133.307?
2. Did Hartford support denial of the disputed service due to an incomplete prescription?
3. Is Hartford's denial of the disputed service due to preauthorization supported?
4. Did Hartford support denial of the disputed service due to lack of information or submission/billing errors?
5. Is Sentrix Pharmacy and Discount, L.L.C. (Sentrix) entitled to reimbursement for the disputed service?

Findings

1. 28 Texas Administrative Code §133.305(b) requires that medical necessity disputes be resolved prior to the submission of a medical fee dispute for the same services. In its position statement, Hartford stated that "This CMPD was denied per Peer Review ... this request is not appropriate for this patient."

28 Texas Administrative Code §133.307(d)(2)(F) states, in relevant part, "The response shall address only those denial reasons presented to the requestor prior to the date the request for MFDR was filed with the division and the other party. Any new denial reasons or defenses raised shall not be considered in the review."

Review of the submitted documentation does not find that Hartford presented retrospective medical necessity in accordance with 28 Texas Administrative Code §133.240 as a reason for denial of payment to Sentrix prior to the date the request for medical fee dispute resolution (MFDR) was filed. The division concludes that this defense presented in Hartford's position statement shall not be considered for review because this assertion constitutes a new defense pursuant to 28 Texas Administrative Code §133.307(d)(2)(F).

2. Sentrix is seeking reimbursement of \$2,078.06 for a compound cream dispensed on November 14, 2016. Per Explanation of Benefits dated December 4, 2016, Hartford denied the disputed service with claim adjustment reason code M123 – "Prescription is incomplete." Review of the submitted information finds a prescription dated November 10, 2016. The division concludes that the compound in question is for the prescription as written. Hartford failed to support a denial of payment for this reason.
3. On Explanation of Benefits dated December 18, 2016, Hartford denied the disputed service with claim adjustment reason code 197 – "Precertification/authorization/notification absent." 28 Texas Administrative Code §134.500(3) defines the closed formulary as "all Food and Drug Administration (FDA) approved prescription and nonprescription drugs prescribed and dispensed for outpatient use" except those requiring preauthorization. 28 Texas Administrative Code §134.540(b) states:

Preauthorization for claims subject to the Division's closed formulary. Preauthorization is only required for:

- (1) drugs identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates;
- (2) any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates; and
- (3) any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

The division finds that the ingredients noted in the compound in question are included in the division's closed formulary as the ingredients consist of FDA approved drugs and inactive ingredients and do not include a drug identified with a status of "N" in the current edition of the ODG, *Appendix A*. Hartford failed to articulate any defenses for denial of the disputed compound for this reason. Therefore, the division concludes that the compound in question did not require preauthorization and Hartford's denial for this reason is not supported.

4. Per Explanation of Benefits dated January 4, 2017, Hartford denied the disputed service with claim adjustment reason code N26 – "Claim/service lacks information or has submission/billing error(s) which is needed for adjudication." 28 Texas Administrative Code §134.502 states, in relevant part:

(d) Pharmacies and pharmacy processing agents shall submit bills for pharmacy services in accordance with Chapter 133 (relating to General Medical Provisions) and Chapter 134 (relating to Benefits-- Guidelines for Medical Services, Charges, and Payments).

(1) Health care providers shall bill using national drug codes (NDC) when billing for prescription drugs.

(2) Compound drugs shall be billed by listing each drug included in the compound and calculating the charge for each drug separately.

The division also finds that NDC #10695003507 found on the DWC060 and billing is not a valid NDC code. Therefore, this ingredient is not eligible for reimbursement. Denial of the remaining ingredients requested on the Medical Fee Dispute Resolution Request (DWC060) is not supported.

5. 28 Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:

(c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:

(1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:

(A) Generic drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;

(B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount;

(C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or

(2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:

(A) health care provider; or

(B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Review of the submitted documentation does not find evidence that the ingredient listed on the Medical Fee Dispute Resolution Request (DWC060) with NDC #00395805643 with billed amount of \$250.80 was submitted to the insurance carrier. Therefore, this ingredient, with this billed amount is not eligible for reimbursement.

Each eligible ingredient is listed below with its corresponding reimbursement amount.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Salt Stable LS Base	00395602157 Brand Name	\$3.36	170.4 gm	$\$3.36 \times 170.4 \times 1.25 = \715.68	\$572.54	\$572.54

Baclofen 4%	00395803243 Generic	\$35.63	9.6 gm	\$35.63 x 9.6 x 1.25 = \$427.56	\$342.05	\$342.05
Amitriptyline 2%	00395804843 Generic	\$18.24	4.8 gm	\$18.24 x 4.8 x 1.25 = \$109.44	\$87.55	\$87.55
Amantadine 8%	00395805843 Generic	\$24.225	19.2 gm	\$24.225 x 19.2 x 1.25 = \$581.40	\$465.12	\$465.12
Total						\$1,467.26

The total reimbursement is therefore \$1,467.26. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$1,467.26.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$1,467.26, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this Order.

Authorized Signature

Signature	Laurie Garnes Medical Fee Dispute Resolution Officer	May 19, 2017 Date
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YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.